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TAGS: [KNNP](#) [ECON](#) [EFIN](#) [ETTC](#) [MNUC](#) [GM](#) [IR](#)  
SUBJECT: GERMANY ON BANK MELLI: RESPONSE TO BANK MELLI  
PAKISTAN DEMARCHE; TAKING ACTION IN PREPARATION OF EU  
DECISION

REF: SECSTATE 51207

Classified By: Political Minister Counselor Jeffrey Rathke for reasons  
1.4(b)/(d)

¶1. (S) Post delivered reftel points to relevant governmental contacts who did not offer substantive responses. EconOff delivered reftel points May 15 to the Ministry of Finance Deputy Director for Financial Crimes, Terrorist Finance, and Money Laundering Kristina Wogatzki. Wogatzki expressed appreciation for the information, and undertook to pass the information to appropriate personnel within the Ministry. PolOff presented reftel non-paper to MFA Iran Desk Officer Florian Laudi on May 16. Laudi had no substantive comments about Bank Melli's attempts to establish a branch in Pakistan. He undertook to forward the nonpaper to other relevant MFA divisions.

¶2. (S) On the EU's efforts to designate Bank Melli and other Iranian individuals and entities, Laudi noted that it was likely the designations would not be approved at the May 19 European Council meeting, as an "EU-3 partner" (referring to France) was concerned that the designations would coincide with the presentation of the new P5 1 package, thus sending Iran mixed signals. He indicated that the UK had supported immediate passage; Germany's paramount concern, he said, is to maintain EU-3 unity and that Germany would thus not take a strong stand in either direction. He predicted that the designations would be passed within four weeks.

¶3. (S) In a separate discussion, Federal Financial Supervisory Authority (BaFin) Director of Banking Supervision Peter Kruschel told EconCouns May 8 that BaFin is poised to act swiftly to freeze assets once an EU Council decision has been taken. In the meantime, Kruschel said, BaFin has taken measures to deal with individuals who may be trying to withdraw assets in advance of the EU designations. Under the measure, Bank Melli's Hamburg branch is prohibited from transferring directly or indirectly funds, capital, or assets to Bank Melli Iran or other institutions outside the EU. BaFin has appointed a permanent supervisor at Bank Melli in Hamburg, to supervise the bank's business activities. According to the Finance Ministry, the temporary administrative measures, while legally intended to safeguard the assets of the bank and to protect creditors, has technical effects similar to a freezing order. (COMMENT: Only once it was clear that EU designation of Bank Melli had received approval by EU member states (in the May 5 RELEX meeting) did the German government feel comfortable taking this interim measure, which is allowed by German law for a maximum of six months. After the six month deadline, such temporary measures must either receive an extension by the European Council or disappear off the books. END COMMENT.)

4. (C) Post will report any further substantive reaction  
septel.  
TIMKEN JR